

# **EXHIBIT J**

**Rating Action: Moody's downgrades Syncora Guarantee to Ca; outlook is developing**

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Global Credit Research - 09 Mar 2009

New York, March 09, 2009 -- Moody's Investors Service has downgraded to Ca from Caa1 the insurance financial strength ratings of Syncora Guarantee Inc. ("SG" -- formerly XL Capital Assurance Inc.) and Syncora Guarantee (U.K.) Ltd. In the same rating action, Moody's downgraded the provisional senior unsecured shelf rating of Syncora Holdings Ltd. ("Syncora") to (P)C from (P)Ca and the rating of Twin Reefs Pass-Through Trust ("Twin Reefs") to C from Ca. The outlook for SG's insurance financial strength ratings is developing.

Moody's ratings on securities that are guaranteed or "wrapped" by a financial guarantor are generally maintained at a level equal to the higher of a) the rating of the guarantor (if rated at the investment grade level), or b) the published underlying rating (and for structured securities, the published or unpublished underlying rating). For further information please see Moody's recently published special comment entitled: Assignment of Wrapped Ratings When Financial Guarantor Falls Below Investment Grade (May 6, 2008); and Moody's November 10, 2008 announcement entitled: Moody's Modifies Approach to Rating Structured Finance Securities Wrapped by Financial Guarantors.

Today's rating action was prompted by the large loss reserve and credit impairment charges taken by the company on its mortgage-related exposures during 4Q2008, which have resulted in a \$2.4 billion statutory deficit at SG as of December 31, 2008. Moody's said that the company's capital position is now below minimum statutory capital regulations under New York law, which heightens the risk of regulatory action.

Moody's notes that SG is attempting to reach a comprehensive settlement with its bank counterparties on certain exposures, including most of the company's insured ABS CDOs. The company also intends to repurchase wrapped RMBS securities from investors through a tender offer. In Moody's opinion, if the company is unable to reach such settlements in the near term, the company could be placed into rehabilitation or liquidated by the New York regulator.

Moody's said that the developing outlook reflects the possibility of both positive and negative pressure on SG's insurance financial strength ratings. Moody's notes that most of Syncora's bank counterparties have signed a non-binding letter of intent to commute certain ABS CDO exposures. To the extent Syncora is able to commute these exposures under terms that are consistent with those outlined in Syncora's recent SEC filings, SG's insurance financial strength ratings could be confirmed or upgraded. If, however, the company is unable to execute a settlement that improves its capital adequacy profile, the insurance financial strength ratings would likely be downgraded to C.

The downgrades of the ratings on Syncora's debt and preferred stock reflect the absence of dividend capacity at SG and the subordination of these instruments to policyholder claims. Moody's anticipates that any improvement in SG's capital adequacy profile achieved through the commutation or termination of troubled mortgage-related exposures will have minimal impact on the credit profile of the holding company over the near to medium term.

**LIST OF RATING ACTIONS**

The following ratings have been downgraded, with a developing outlook:

Syncora Guarantee Inc. -- insurance financial strength to Ca from Caa1;

Syncora Guarantee (U.K.) Ltd. -- insurance financial strength to Ca from Caa1.

The following ratings have been downgraded:

Syncora Holdings Ltd. -- provisional rating on senior debt to (P)C from (P)Ca; provisional rating on subordinated debt to (P)C from (P)Ca; and preference shares to C from Ca;

Twin Reefs Pass-Through Trust -- contingent capital securities to C from Ca.

The last rating action related to Syncora was on October 24, 2008, when Moody's downgraded SG's insurance financial strength rating to Caa1 from B2.

The principal methodology used in rating Syncora was Moody's Rating Methodology for the Financial Guaranty Insurance Industry, which can be found at [www.moodys.com](http://www.moodys.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating Syncora can also be found in the Credit Policy & Methodologies directory.

Syncora Holdings Ltd. (formerly Security Capital Assurance Ltd) is a Bermuda-domiciled holding company whose primary operating subsidiary, Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) provides credit enhancement and protection products to the public finance and structured finance markets throughout the United States and internationally.

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